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SUBJECT: NIGERIA: LABOR TO COMMENCE NATIONAL STRIKE JUNE 20

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¶1. (SBU) SUMMARY. Representatives of the Nigeria Labour Congress (NLC) and the Trade Union Congress (TUC) announced on June 18 that they will call on member unions to initiate an indefinite national strike beginning at midnight on June ¶20. Talks between the GON and the union confederations ended in a deadlock on June 15 as both NLC and TUC told Poloff the GON was unwilling to negotiate on any of the four points in the confederations' 14-day ultimatum (reftel). A National Union of Petroleum and Natural Gas Workers (NUPENG) representative told Pol/Econoff that NUPENG plans to participate in the strike as well and that he expects the strike to impact production, distribution and marketing in the oil sector. Mission Nigeria will continue to report information as it comes in septel. END SUMMARY.

¶2. (SBU) Nigeria Labour Congress (NLC) General Secretary John Odah and Trade Union Congress (TUC) Senior Assistant General Secretary Dan Uhumangho confirmed that both confederations

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will ask their member unions to commence an indefinite national strike at midnight on June 20 to protest a lack of action by the GON in response to the confederations' 14-day ultimatum issued on May 31 (reftel). The ultimatum called on the Yar'adua administration to: 1) rescind the fuel price increase announced by former President Obasanjo on May 26 from 65 to 75 Naira per liter, (2) rescind the recent VAT increase from five to ten percent, (3) reverse the sale of the Port Harcourt and Kaduna refineries and (4) implement the 15 percent salary hike for public servants in effect from January 2007. Odah and Uhumangho both told Poloff that the June 15 meeting with the GON had ended in a deadlock and that the GON had been unwilling to negotiate an agreement on any of the four labor demands. (NOTE: Given that the new administration has not yet appointed an Energy Minister, Secretary to the Government Baba Gana Kingibe has been

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negotiating for the GON.) Odah told Poloff there is another meeting scheduled with the GON on June 21.

¶3. (SBU) Pol/Econoff spoke to National Union of Petroleum and Natural Gas Workers (NUPENG) General Secretary Elijah Okougbo, who confirmed that NUPENG plans to participate in the strike. According to Okougbo, he expects the strike will impact production, distribution and marketing in the oil sector. COMMENT. Mission notes that in some previous strikes, NUPENG and Petroleum and Natural Gas Senior Staff Association (PENGASSAN) have exempted some essential personnel, to allow most oil production and exports to continue. It is unclear whether this strike will be handled in the same manner. END COMMENT.

¶4. (SBU) The strike is expected to compound the domestic fuel crisis which began on June 15, when members of the Independent Petroleum Marketers Association of Nigeria (IPMAN) embarked on a strike in protest of the petroleum price increase. Gas stations across the country have begun to run out of fuel and fuel lines reappeared over the weekend. Nigerian news has reported fuel prices in Port Harcourt reached 130 Naira per liter (well above the government increase to 75 Naira per liter).

¶5. (SBU) In a meeting June 14, Bashir Borodo, the head of the Manufacturer's Association of Nigeria (MAN) told Poloff that his organization concurs with labor's goals of reversing the fuel price hike and the VAT increase. However, MAN disapproves of the strike tactic and instead plans to raise its concerns with the government through dialogue. Borodo opined that the sudden VAT and fuel price increases are undemocratic, as they were not approved by the National Assembly, despite the Assembly's constitutional powers with regard to taxation and the federal budget. He also pointed out that manufacturers are hit hard by increased fuel prices, as transport of their products is already often 30-40% of the cost of production.

¶6. (SBU) COMMENT. Few issues exist in Nigeria that have historically carried the weight and ability to unite that fuel prices do. With most Nigerian businesses depending on cheap domestic fuel to fill their generators (necessitated by the lack of electricity), the increase has immediate impact on business's bottom line. Although it remains unclear what impact the national strike will have on oil exports, the impact on domestic fuel supply (given the shortages already caused by the IPMAN strike) could cause a near shutdown of Nigerian domestic industry, including gray market traders and small businesses which function independently and don't generally participate in strikes. END COMMENT.
CAMPBELL